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December 14, 2005

BY HAND and ELECTRONIC MAIL

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, MA 02110

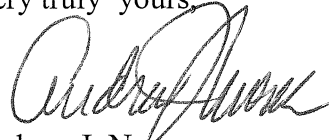
Re: Western Massachusetts Electric Company - D.T.E. 05-91

Dear Secretary Cottrell:

Enclosed for filing please find the Initial Comments of the Western Massachusetts Industrial Customers Group in the above-referenced matter..

If you have any questions, please contact the undersigned.

Very truly yours,



Andrew J. Newman

AJN/lms

Enclosures

cc: dte.efiling
John J. Geary, Esq., Hearing Officer (4 copies)
Stephen Klionsky, Esq.
Joseph Rogers, Esq.
Alexander Cochis, Esq.
Robert Sydney, Esq.
Mr. Sean Hanley
Mr. Paul Osborne

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

)
Compliance filing of Western Massachusetts)
Electric Company, pursuant to Western)
Massachusetts Electric Company,)
D.T.E. 04-106 (2004), and transmission)
reconciliation factor filing, for effect)
January 1, 2006)

D.T.E. 05-91

**WESTERN MASSACHUSETTS INDUSTRIAL CUSTOMERS GROUP
INITIAL COMMENTS**

The Western Massachusetts Customers Group (“WMICG”) submits these comments in response to the Notice of Filing and Request for Comments dated December 6, 2005 in the above-referenced docket. WMICG was an Intervener in the Settlement Agreement proceeding filed by Western Massachusetts Electric Company (“WMECo”) in D.T.E. 04-106 (2004) to increase distribution rates by \$6 million on January 1, 2005 and an additional \$3 million on January 1, 2006 and to reduce the transition charge for 2005 to approximately 5 mills. Article I of the Settlement Agreement provides that: “For 2005 and 2006, the lower transition charge in combination with distribution rates and transmission rates will be designed to result in a rate decrease for WMECO customers.” Notwithstanding this commitment for lower rates, WMICG objected to the Settlement as it claimed distribution rate increases were not required. The Department approved the Settlement.

On December 1, 2005, WMECo submitted a filing allegedly in compliance with the Settlement with new distribution, rates and transition and transmission charges to become effective on January 1, 2006. WMECo in its filing claims that the exogenous exception to the guaranteed rate stability for the two year settlement is applicable for two types of transmission costs--Special Constraint Resource ("SCR") charges and Reliability Must Run ("RMR") charges because it started incurring charges from the Independent System Operator-New England (ISO-NE") for SCR charges in June 2005 and for RMR charges in August 2005. WMECo claims that it should be allowed to increase its rates by an exogenous cost factor of \$0.00543 per kWh as set forth in Attachment 8.

WMECO does not claim that there has been any regulatory, judicial or legislative change uniquely affecting the electric industry with regard to either SCR or RMR charges for which it seeks to recover under the exogenous exception. Thus, these additional costs are not within the definition of exogenous factors in *Boston Gas Company*, D.T.E. 03-40 as required by the Settlement Agreement, Article VI. In fact, RMR and SCR charges have been applicable to transmission customers in New England well before the Settlement Agreement. The fact that these charges were first billed to WMECO in 2005, if proven, does not make them exogenous as they were subject to assessment as part of the applicable transmission tariff at the time of the Settlement. WMECO should reasonably have anticipated these possible costs under the ISO and/or NEPOOL tariffs, and market operations manuals in effect prior to the Settlement.

WMECO also claims that the RMR and SCR costs are beyond their control and necessary to maintain voltage reliability on the WMECO network. While WMICG agrees that it is critical for WMECo to maintain voltage reliability, that alone does not make the costs subject to the

exogenous exception in the Settlement Agreement. The Settlement does not relieve WMECo of its regulatory obligation to provide reliable service. Moreover, the Settlement requires WMECo to spend **not less than** \$24 million in 2005 and a like amount in 2006 on capital additions related to projects to improve reliability under the Settlement Agreement. Article VII.. WMICG does not know whether or not these minimum additions were installed, whether the expenditure of additional amounts for capital additions should have been made to reduce or eliminate the SCR and/or RMR charges or whether additional maintenance should have been scheduled to reduce or eliminate the SCR and/or RMR charges. What is clear is that SCR and RMR charges were not the result of changes in regulatory, administrative or legislative rules. If WMECO had chosen to install capital additions to maintain and/or improve reliability or spend additional funds for improved maintenance of the system these costs would not have been considered exogenous costs.¹ WMICG will assume, for the purposes of these comments, that the incurrence of SCR and RMR costs by WMECO are the least cost alternative; nevertheless these costs are not exogenous costs as defined in the Settlement Agreement. To conclude that these costs are exogenous would make any rate settlement a sham.

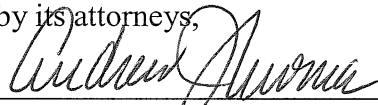
¹ “The Transmission Owner or distribution company shall be responsible for all SCR costs established under the SCR Request even if the generating Resource’s (a) minimum run time is longer than that required to relieve the constraint or (b) Economic Minimum Limit is higher than the output level required to relieve the constraint.” Section 6.3.3: Scheduling Strategy & Method of Market Operations -ISO-NE Manual M-11 WMECo has not explained why it has requested ISO-NE, the System Operator “to change the commitment of a generating Resource or the incremental loading on a previously committed generating Resource to provide relief for constraints (thermal, voltage or stability) not reflected in the System Operator’s systems for operating the NEPOOL Transmission System or the System Operator’s operating procedures. The generating Resource designated as Special Constraint Resource (SCR Designated Resource) shall have its Special Constraint Resource flag set at the megawatt level requested for the period requested (“SCR Request”) by the Transmission Owner or distribution company to provide relief for the constraint.” SCR costs were a part of the NEPOOL Agreement in Schedule 19 prior to March 2, 2004, when the latest revision was made as part of the 104 Agreement Amendment to the NEPOOL Agreement.

WMICG thus requests that the Department order WMECO to remove from its distribution rates filed herewith an amount equal to the claimed "exogenous factor" of \$0.00543 per kWh to comply with the intent of the Settlement Agreement approved by the Department in D.T.E. 04-106.

Respectfully submitted,

WESTERN MASSACHUSETTS
INDUSTRIAL CUSTOMERS GROUP

by its attorneys,

A handwritten signature in cursive script, appearing to read "Andrew J. Newman", is written over a horizontal line.

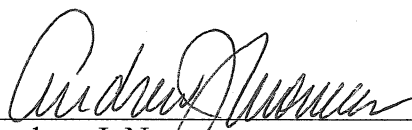
Andrew J. Newman
Rubin and Rudman LLP
50 Rowes Wharf
Boston, MA 02110
617 – 330-7031

Date: December 14, 2005

CERTIFICATE OF SERVICE

I, Andrew J. Newman, hereby certify that a copy of the Comments of the Western Massachusetts Industrial Customers Group was served by Hand and by e-mail to Mary L. Cottrell, Secretary, Department of Telecommunications and Energy, One South Station, 2nd Floor, Boston, MA 02110, four copies to John J. Geary, Hearing Officer, with copies to the

service list in D.T.E. 04-106 in accordance with the Notice of Filing and Request for Comments.



Andrew J. Newman

Date: December 14, 2005